

Signalling System 7 A-links -- are significant and bona fide costs that need to be recovered in a reasonable and timely manner. Because some rural LECs will continue to incur TIC-related costs for the foreseeable future, the Western Alliance opposes proposals to phase out the TIC. Rather, those TIC costs that can be readily assigned to local switching, tandem switching and other rate elements should be removed from the TIC, and the residual should be permitted to be recovered via the remaining smaller TIC.

**Existing SLC Caps Should Not Be Removed For  
Second Residential Lines Or Multiple-Line Businesses**

The NPRM's proposed removal of the cap on Subscriber Line Charges (SLCs) for second residential lines and for multiple-line businesses would be an unmitigated disaster for rural areas. Among the consequences of this proposal would be the elimination of Internet access and dedicated facsimile lines as affordable service options for rural residents, and the destruction of a decade of efforts to bring telecommunications-intensive businesses to rural communities.

One Western Alliance member has recalculated its SLC and monthly service rates for second residential lines and multiple-line businesses under the assumption that the existing \$3.50 and \$6.00 per month caps on SLCs for such lines were removed. The member estimates that its uncapped SLC for such lines would increase to \$23.22 per line, or a hike of 563.4 percent for second lines and 287.0 percent for multiple-line businesses.

If universal service support were also removed for second residential lines and multiple-line businesses, as proposed in the

Recommended Decision at paras. 89-91, the same member would have to raise its monthly second residential line rate by \$6.34, and its monthly multiple-line business rate by \$12.65. Overall, the proposed SLC and universal service changes would require the member to increase its total monthly charge for second residential lines by 180.8 percent from an affordable \$14.41 (\$10.91, plus \$3.50 SLC) to a very steep \$40.47. Likewise, these changes would force the member to raise its monthly charge to multiple-line businesses by 107.6 percent from \$27.26 per line (\$21.76, plus \$6.00 SLC) to \$57.63 per line.

If extended to rural areas, the Commission's proposed elimination of these SLC caps would violate at least three of the express principles of new Section 254(b) of the Act -- namely, the requirements: (1) that rural and low-income customers have access to telecommunications and information services reasonably comparable to those provided in urban areas at reasonably comparable rates, 47 U.S.C. § 254(b)(3); (2) that all regions of the nation have access to advanced telecommunications and information services, 47 U.S.C. § 254(b)(2); and (3) that quality services be available to all Americans at just, reasonable and affordable rates, 47 U.S.C. § 254(b)(1).

Removal of the SLC cap for second residential lines would put an abrupt end to the growing demand and use of such lines by rural residents for Internet access and for dedicated facsimile lines. Taking service on a second line for Internet purposes is attractive if the total monthly cost of the line and Internet provider's fees

remain reasonable, but becomes increasingly unaffordable for many rural residents as the monthly cost of the second line alone approaches \$40. Hence, the NPRM's proposals, if extended to rural LECs, would deny many rural residents (both adults and children) effective and affordable access to the educational, business and social opportunities of the Internet until such time as the Congress, the courts or a subsequent Commission rejected such an unwise and unfair policy.

Removal of the SLC cap for multiple-line businesses would destroy years of effort by state and county economic development agencies to bring new jobs to rural areas by attracting telemarketing, customer support, mail order fulfillment, data entry and similar telecommunications-intensive service and information businesses. See Edwin B. Parker et al., Rural America in the Information Age: Telecommunications Policy for Rural Development, University Press of America: 1989); and Edwin B. Parker et al., Electronic Byways: State Policies for Rural Development Through Telecommunications, (Westview Press: 1992). Whereas substantial rate increases of \$30 or so per month per line will injure and upset all multiple-line business customers, they are particularly critical with respect to businesses having options to locate or not locate in particular rural areas. For example, the relative levels of local multiple-line business rates will be a critical factor when a telemarketing firm's management is deciding whether to locate a 100-to-200 line facility in suburban Des Moines or in a rural Iowa community. The Commission should not undermine the

economic development efforts of thousands of rural communities by allowing uncapped SLCs to increase to levels that tell service firms they cannot receive comparable telecommunications services at comparable rates in rural America.

**LECs Should Not Be Required To  
Charge End Users For Terminating Access**

The Western Alliance opposes the proposal of "some observers" that LECs be required to charge end users for terminating access service (NPRM, para. 275). As the Commission is well aware, American households and businesses are not accustomed to paying for calls which they receive (except for certain collect calls), and will vigorously dispute and resist charges for incoming calls. For example, cellular carriers increasingly have been forced by end user resistance to airtime charges for incoming calls to adopt rate structures wherein customers are not charged for the first minute of such incoming calls.

**The Commission Should Permit  
Pricing Flexibility For Rural LECs**

The NPRM discusses several new rate structures and rate elements for carrier common line, local switching, and transport access elements. For the reasons set forth above, these rate structures should not be imposed upon rural LECs, particularly in the many high-cost areas where competition is unlikely to develop during the foreseeable future.

However, in rural areas where competition does develop, rural LECs should be afforded the option to concur in new rate structures on an "as-needed" basis. Where competition develops, rural LECs

will need flexibility to offer disaggregated rate elements as needed. Likewise, they will need the flexibility to introduce new switched access elements without filing Part 69 waivers.

### **Conclusion**

Given the critical importance of access revenues to rural LECs and their communities, the Western Alliance urges the Commission to exercise caution in restructuring its access charge rules in this and the promised future rate-of-return LEC proceeding. As a preliminary matter, access charges should not be restructured for rural LECs until their prescribed depreciation rates are adjusted to eliminate the current under-depreciation deficiencies and until the existing interstate/intrastate separations rules are reviewed. Moreover, if and when the current access charge rules are revised, the associated revenue requirements should not be arbitrarily reduced by disallowing actual investments and expenses that have long been included therein.

As regards the NPRM's specific proposals, the Western Alliance: (a) opposes reduction of the interstate costs recovered via access charges by the amount of support received by rural LECs from future universal service mechanisms; (b) supports modification of the existing Transport Interconnection Charge as long as the actual costs included therein are recovered; (c) opposes the removal of the caps on the Subscriber Line Charge (SLC) for second residential lines and multiple-line businesses in rural areas; and (d) opposes the assessment of terminating access charges on end users.

Respectfully submitted,  
**THE WESTERN ALLIANCE**

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## CERTIFICATE OF SERVICE

I, Cheryl R. Pannell, hereby certify that I am an employee of Blooston, Mordkofsky, Jackson & Dickens, and that on this 29th day of January, 1997, I caused to be delivered by hand or by U. S. Mail, a copy of the foregoing COMMENTS OF THE WESTERN ALLIANCE to the following:

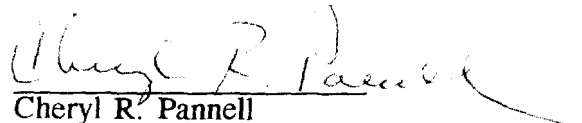
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